


**Council of the District of Columbia  
Committee on Finance and Revenue  
Committee Report**

1350 Pennsylvania Avenue, N.W., Washington, D.C. 20004

2014 NOV 19 AM 11:10

OFFICE OF THE  
SECRETARY

To: All Councilmembers

From: Jack Evans, Chairman  
Committee on Finance and Revenue 

Date: November 13, 2014

Subject: Report on Bill 20-805, the "District of Columbia Soccer Stadium Development Act of 2014".

The Committee on Finance and Revenue reports **favorably** on Bill 20-805, the "District of Columbia Soccer Stadium Development Act of 2014", and recommends its approval by the Council of the District of Columbia.

**TABLE OF CONTENTS**

- I. Background, Purpose and Effect
- II. Legislative History
- III. Position of the Executive
- IV. Advisory Neighborhood Commission
- V. Summary of Testimony
- VI. Impact on Existing Law
- VII. Fiscal Impact Statement
- VIII. Section by Section Analysis
- IX. Committee Action
- X. Attachments

**I. BACKGROUND, PURPOSE AND EFFECT**

Bill 20-805, the "District of Columbia Soccer Stadium Development Act of 2014", was introduced by Chairman Mendelson at the request of the Mayor, and referred to the Committee Government Operations, Committee on Economic Development, Committee on Finance and Revenue, and Committee of the Whole. The legislation would approve multiple actions necessary to acquire land at Buzzard Point in southwest D.C. which would then be ground leased to DC United for the purposes of building and operating a stadium on the site.

Bill 20-805 approves the exchange agreement for the real property in Lot 13, Square 607 and Lot 844, Square 204. It would authorize the Mayor to assemble the soccer stadium site. The legislation would also approve the ground lease of the soccer stadium site and the development agreement for the construction of a new soccer stadium. Finally, the legislation would authorize

ancillary District action required by these agreements, such as street and alley closings, environmental remediation, and expenditures of funds.

There has been a lot of debate about this stadium project, as there always is and should be with respect to projects of this size. At the end of the day, from a financial perspective, the most important question to answer is whether the city will be better off if we approve the deal, or if we disapprove the deal. The question was addressed and answered clearly in the cost benefit analysis report prepared for the Council by CSL International, IRR and the Robert Bobb Group. The estimated net fiscal benefits of the Stadium Act over a 32-year period are positive for the District, according to the report. It is anticipated that, if we do this deal, the benefits to the city would exceed costs by approximately \$109.4 million.<sup>1</sup>

An alternative analysis is to consider whether we could have gotten what could be termed a “better” deal, and to speculate whether a tougher negotiating position could have been taken by the city in assembling the deal. In the judgment of this Committee, while getting the best deal possible is certainly our goal, in the legislative branch we have the limited authority of approving or disapproving the package that has been assembled by the Executive. With that being the case, our preference would be not to let the perfect be the enemy of the good, resulting in doing no soccer deal at all. In the alternative scenarios presented, where we consider a hypothetical in which the Reeves swap was no longer a part of the deal, we would then have to assemble \$40 million additional capital dollars that we do not have. Further, even if we had those surplus capital funds available, the operating side would be just as tight. If we saved \$18 million on lease payments, for example, we would then have to pay \$16 million per year in additional debt service for the borrowed funds.

In the Committee’s final analysis, no matter how you review the deal, the benefits of this deal are a net positive financial result for the District as a jurisdiction over the next 30 years if we do the soccer deal than if we vote it down, in addition to the qualitative factors such as civic pride that accompany a major sports team.

## **II. LEGISLATIVE HISTORY**

May 23, 2014	Bill 20-805, the “District of Columbia Soccer Stadium Development Act of 2014” is introduced by Chairman Mendelson.
May 28, 2014	Bill 20-805, the “District of Columbia Soccer Stadium Development Act of 2014”, is referred to the Committee on Government Operations, Committee on Economic Development, Committee on Finance and Revenue, and Committee of the Whole.
June 6, 2014	Notice of Intent to Act on New Legislation for Bill 20-805 is published in

---

<sup>1</sup> Subsequent to the committee markup, CSL (which partnered with the Robert Bobb Group) issued a short letter revising downward its estimate for the economic benefits of the proposal to the District. While lower, the assessment was still that the District would see a net benefit from the transaction.

the D.C. Register.<sup>2</sup>

June 6, 2014	Notice of public hearing on Bill 20-805, published in D.C. Register. <sup>3</sup>
June 26, 2014	Joint public hearing with Committee on Government Operations and Committee of the Whole, held on Bill 20-805.
November 5, 2014	Public Oversight Roundtable on “The Costs and Benefits of Bill 20-805, District of Columbia Soccer Stadium Development Act of 2014”
November 13, 2014	Consideration and vote on Bill 20-805, and other matters, by the Committee on Finance and Revenue.

### **III. POSITION OF THE EXECUTIVE**

The executive has assembled the legislation and supports the proposal.

### **IV. ADVISORY NEIGHBORHOOD COMMISSION**

The committee received correspondence from ANC 6D, and is included in Attachment D.

### **V. SUMMARY OF TESTIMONY**

The Committee on Government Operations, Committee on Finance and Revenue, and Committee of the Whole held a public hearing on Bill 20-805, and other matters, on June 26, 2014, starting at 9:30 a.m. The hearing was attended by Chairman Jack Evans, and Councilmembers Grosso, McDuffie, Bowser, Barry, Wells, Cheh, Graham, and Bonds.

Chairman Evans presented an opening statement on the legislation:

*Bill 20-805, the “District of Columbia Soccer Stadium Development Act of 2014,” has several stated purposes, including approving multiple actions necessary to acquire land on Buzzards Point, in Southwest; which will be ground leased to DC United who will build a soccer stadium on the site. For the purposes of Council review, Section 8 has been referred to the Committee on Finance and Revenue, which I chair. Section 8 includes the associated sales and property tax abatements for the soccer stadium site; which would then be phased-in. .*

A video recording of the hearing can be viewed at [oct.dc.gov](http://oct.dc.gov). The following witnesses testified before the Committee, and copies of their testimony can be found in Attachment C:

#### **Public Witnesses**

1. Ben Olsen, Head Coach, D.C. United
2. Jason Levien, Managing General Partner, D.C. United
3. Victor Melara, Director of Community Relations, D.C. United

---

<sup>2</sup> Page 005728 of the June 6, 2014 D.C. Register.

<sup>3</sup> Page 005741 of the June 6, 2014 D.C. Register.

4. Pharis Owens, Program Manager, United Soccer Club/D.C. United
5. Matt Klein, President, Akridge
6. Allen Y. Lew, City Administrator
7. John Ross, Senior Advisor and Director of Economic Development Finance, Office of the Chief Financial Officer
8. Elliott Ferguson, II, President & CEO, Destination DC
9. Alec Rivera, Public Witness
10. Robert Gillespie, Representative, La Barra Brava
11. Adam M. Taylor, Public Witness
12. Brendan Cartwright, Public Witness
13. Ruth Hamilton, Chair, Near SE/SW Community Benefits Coordinating Council
14. Felicia Coutts, Coordinator, Near SE/SW Community Benefits Coordinating Council
15. Rhonda Hamilton, Member, Near SE/SW Community Benefits Coordinating Council
16. Jerry Clark, Political Director, D.C. for Democracy
17. Victoria A. Leonard, Economic Development Advisory, LIUNA Co-operation Trust
18. Ben Keller, Public Witness
19. Ed Lazere, Executive Director, DC Fiscal Policy Institute
20. Michael A. Lee, Public Witness
21. Eric Fox, Public Witness
22. John Endresen, Public Witness
23. John Siko, Public Witness
24. Harry Wingo, President & CEO, DC Chamber of Commerce
25. Jim Dinegar, President & CEO, Greater Washington Board of Trade
26. Elizabeth Neely, Public Witness
27. Jason Langsner, Public Witness
28. William Springer, Public Witness
29. Jessie Kaplan, Public Witness
30. Mark Wysocki, Public Witness
31. Carmen Garzone, Public Witness
32. Jenny Demarco, Public Witness
33. JJ Demarco, Public Witness
34. Laura Farina, Public Witness
35. Pete Backof, Public Witness
36. Angie Vang, Public Witness
37. Scott Klenet, Public Witness
38. Ariel Lopez, Public Witness
39. Edwin Guevara, Public Witness
40. Howard Marks, Public Witness
41. Kristian Muench, Public Witness
42. Michel Richaud, Public Witness
43. Jeffrey Matheny, Public Witness
44. Robert W. Hall, Vice President, Condo Board of Directors, Capitol Park IV
45. Josh Marks, Public Witness
46. Patricia Emory, Public Witness
47. Jeremy Merkelson, Public Witness

48. Eric Jones, Associate Director of Government Affairs, Associated Builders & Contractors of Metro Washington
49. Linda Castillo, Public Witness
50. Martin Welles, President, Amidon-Bowen Elementary PTA
51. Ed Foster-Simeon, President/CEO, US Soccer Foundation
52. Russell Wasem, Public Witness
53. Eric Olinsky, Public Witness
54. Brandon Wright, Public Witness
55. Todd Turner, Public Witness
56. Mike Burns, Public Witness
57. Ramon A. Compres, President, Los Hermanos Restaurant
58. Carlos Castillo, Trabajadores Unidos of Washington DC
59. Jose Alvarado, Trabajadores Unidos of Washington DC
60. Maria Corrales, Chair, DC Hispanic Construction Association
61. Will Risso, Executive Director, The Paraguayan Talent Festival
62. Martin Mouthon, Public Witness
63. Luciano Rodriguez, El Coqui Deportivo
64. Marie Drissel, Public Witness
65. David Rusk, Public Witness
66. Debby Hanrahan, Public Witness
67. Eugene Puryear, Public Witness
68. Jose Sueiro, Secretary of the Board, Columbia Heights Business Association, Inc.
69. Christopher Gould, Public Witness
70. Jose Ferman, Public Witness
71. Jazmin Bunn, Public Witness
72. Rick Weber, Public Witness
73. Ryan Keefe, Public Witness
74. Mary Battle, Business Manager, Operative Plasters and Cement Masons-Local 891
75. Marina Streznewski, Executive Director, DC Jobs Council
76. Nikki Lewis, Executive Director, DC Jobs with Justice
77. Michael Stevens, Executive Director, Capitol Riverfront BID
78. Robin Shuster, Owner, 14 & U Farmers Market
79. Randy Polanco, Advisor, DC Latino Caucus
80. Thelma T. Jones, Board Member, SW Neighborhood Assembly
81. Fredrica Kramer, Public Witness
82. Karen Vanagas, United Media Group
83. Stephen Courtien, Business/Legislative Representative, D.C. Building Trades Council
84. Barbra Kavanaugh, Executive Director, Employment Justice Center
85. Tom Barrett, Public Witness
86. Bill Watts, Public Witness
87. Nicholas Anobah, Public Witness
88. Fransisco Yanes, Public Witness
89. Sully Hamid, Public Witness
90. Chris Gresham, Public Witness
91. Javier Marius, Public Witness
92. Marley Rave, Public Witness

93. Gregory Jackson, Public Witness
94. Greg Snapp, Public Witness
95. Earnest Yombo, Assistant Principal, Latin American Montessori Bilingual School (LAMB)
96. Jose Castillo, Head Coach, Youth Soccer League
97. Rodolfo Ulloa, Coach, United Soccer Club – Parkview
98. Ana Harvey, DC Hispanic Chamber of Commerce
99. Peter Akinsaya, Parent, United Soccer Club – Turkey Thicket
100. Carlos Perdomo, President & CEO, Keystone Construction
101. Ceasar Bowman, Parent, United Soccer Club – Harrison
102. Irasema Salcido, CEO & Founder, Cesar Chavez Charter School
103. Maria Patricia Corrales, DC Hispanic Contractors Association & Fiesta DC, Inc.
104. Joan Sterling, President, Shaw Dupont Citizens Alliance
105. Sebastian Martinez, Public Witness
106. Timothy Mountcastle, Public Witness
107. Ayanna Dennis, Public Witness
108. Shannon Smith, Public Witness
109. Ben Olsen, Head Coach, D.C. United
110. Jason Levien, Managing General Partner, D.C. United
111. Victor Melara, Director of Community Relations, D.C. United
112. Pharis Owens, Program Manager, United Soccer Club/D.C. United
113. Matt Klein, President, Akridge

#### Government Witnesses

1. Allen Y. Lew, City Administrator
2. John Ross, Senior Advisor and Director of Economic Development Finance, Office of the Chief Financial Officer

The public hearing concluded at 5:58 p.m.

#### **VI. IMPACT ON EXISTING LAW**

The proposed bill relative to this Committee's oversight makes certain changes to the District of Columbia Official Code Title 47 in order to facilitate the soccer deal.

#### **VII. FISCAL IMPACT**

The Chief Financial Officer's November 13, 2014 fiscal impact statement indicates funds are not sufficient in the FY2015 through FY 2018 budget and financial plan to implement the bill. With the assumption that the project begins on January 1, 2015, implementation of the legislation would cost \$112.2 million in FY 2015 and \$169.5 million over the budget and financial plan.

## **VIII. SECTION-BY-SECTION ANALYSIS**

### **Title I. COUNCIL APPROVAL; AUTHORITY OF MAYOR TO EXERCISE EMINENT DOMAIN**

Sec. 101 defines the term “Soccer Stadium Site.”

Sec. 102 establishes council approval of exchange agreement and assemblage of Soccer Stadium Site.

Sec. 103 establishes council approval of ground lease and development agreement.

Sec. 104 establishes authority of Mayor to rent vault space and airspace.

### **Title II. AMENDMENTS**

Sec. 201 amends the Robert F. Kennedy Memorial Stadium and District of Columbia National Guard Armory Public Safety Act.

Sec. 202 amends Title 25 of the District of Columbia Code to define “Soccer Stadium” and to make technical changes to include “DC Arena and Soccer Stadium.”

Sec. 203 amends Title 47 of the District of Columbia Official Code by including information on the taxation of Soccer Stadium gross receipts and tax abatements.

### **Title III. GENERAL PROVISIONS**

Sec. 301 contains the applicability clause.

Sec. 302 contains the requirements for the fiscal impact statement.

Sec. 303 contains the effective date.

## **IX. COMMITTEE ACTION**

The Committee on Finance and Revenue convened at 10:56 a.m. on Thursday, November 13, 2014, to consider and vote on Bill 20-805, and other matters. Chairman Evans recognized the presence of a quorum, consisting of himself, Councilmember Grosso and Chairman Mendelson.

Chairman Evans made brief opening remarks, and opened the floor for discussion.

Chairman Evans then moved Bill 20-805, with leave for the Committee staff to make technical and conforming amendments.

The members voted as follows:

	<u>Report on Bill 20-805</u>	<u>Committee Print on Bill 20-805</u>
Chairman Evans	YES	YES
Councilmember Barry	ABSENT	ABSENT
Councilmember Bowser	ABSENT	ABSENT
Councilmember Catania	ABSENT	ABSENT
Councilmember Grosso	YES	YES
Chairman Mendelson	PRESENT	PRESENT

Thus, the bill and accompanying report were passed, with a majority of Members present voting in the affirmative, with 2 votes in support, 0 votes against, 1 voting present and 3 Members absent.

The committee meeting adjourned at 11:05 a.m.

**X. ATTACHMENTS<sup>4</sup>**

- A. Bill 20-805 as introduced.
- B. Public hearing notice for Bill 20-805.
- C. Witness list from the June 26, 2014 public hearing on Bill 20-805.
- D. Correspondence from ANC 6D, and Southwest Neighborhood Assembly.
- E. Tax Abatement and Financial Analysis.
- F. Fiscal impact statement.
- G. Legal sufficiency determination.
- H. Committee Print of Bill 20-805.

---

<sup>4</sup> Comparative Print not required for this bill. A new section of the code is being added.




**COUNCIL OF THE DISTRICT OF COLUMBIA**  
**1350 Pennsylvania Avenue, N.W.**  
**Washington D.C. 20004**

(A)

Memorandum

---

To : Members of the Council

From :  Nyasha Smith, Secretary to the Council

Date : August 12, 2014

Subject : Referral of Proposed Legislation

Notice is given that the attached proposed legislation was introduced in the Office of the Secretary on Friday, May 23, 2014. Copies are available in Room 10, the Legislative Services Division.

TITLE: "District of Columbia Soccer Stadium Development Act of 2014", B20-0805

INTRODUCED BY: Chairman Mendelson at the request of the Mayor

The Chairman is referring this legislation sequentially to the Committee on Government Operations, Committee on Economic Development, Committee on Finance and Revenue, and Committee of the Whole.

Attachment

cc: General Counsel  
Budget Director  
Legislative Services



2014 MAY 23 PM 1:51  
OFFICE OF THE  
SECRETARY

VINCENT C. GRAY  
MAYOR

MAY 23 2014

The Honorable Phil Mendelson  
Chairman  
Council of the District of Columbia  
John A. Wilson Building  
1350 Pennsylvania Avenue, N.W.  
Suite 504  
Washington, DC 20004

**Reference: District of Columbia Soccer Stadium Development Act of 2014**

Dear Chairman Mendelson:

I am pleased to submit proposed legislation and supporting documents necessary to authorize the Government of the District of Columbia to proceed with development of new soccer stadium on Buzzard Point. As we announced last summer, the transaction has been structured similar to that which was used with Verizon Center and contemplates that the District will act as a horizontal developer – that is to say we will acquire the land and groundlease it to DC United. We will also be required to undertake limited infrastructure obligations (i.e. constructing new roads and sidewalks surrounding the soccer stadium and relocating certain utilities running through the site). DC United, in turn, will be required to design and construct the new soccer stadium and out-buildings and will bear the risk of cost overruns of such construction.

In order to make this transaction economically viable for DC United, we have negotiated phase-ins of both the sales and real estate taxes associated with the stadium site. We believe, however, that in the long-run this transaction will result in a net increase in those taxes as the new soccer stadium will allow DC United to grow its fan and sales base over what is possible at RFK Stadium which is both antiquated and ill-suited to serve as a soccer stadium and will also put the land associated with the Reeves Municipal Center back on the District's tax rolls. The expected tax value of the redevelopment at the Reeves site is more than 4 times the current tax value of the land that we will be acquiring at Buzzard Point. In addition, beginning in the 11<sup>th</sup> year of the lease, in addition to payment of full sales taxes, the District will receive \$2 for every ticket sold at the stadium (\$2 plus CPI escalator beginning the 21<sup>st</sup> year of the lease).

From my perspective as Mayor, the primary purpose for this transaction is not to construct a soccer stadium, but rather to spur economic development along the Anacostia River and to create jobs and economic opportunity for District residents. In approving this transaction, the District will receive the following benefits:


- ***Continue Investment along the Anacostia Waterfront.*** For more than ten years, the District has been undertaking a strategic investment in the Anacostia Waterfront. We are now reaping the rewards of this effort as new and vibrant neighborhoods are developing around Nationals Ballpark and east of South Capitol Street. The soccer stadium will bring this development west of South Capitol Street and on to Buzzard Point – an area of land that has essentially been fallow for more than two decades. The proposed soccer stadium, when combined with the replacement of the South Capitol Street Bridge and Nationals Park, will spur development of the area between Nationals Park and the redevelopment of the Southwest Waterfront and will serve as the final catalyst for what is certain to become one of the most vibrant and sustainable sports and retail districts in America.
- ***Reinvest our Profit from the Reeves Center.*** Roughly 30 years ago, the District undertook a similar effort when it invested in the Fourteenth Street corridor. Our predecessor made a bold investment at the corner of Fourteenth and U Streets and built the Reeves Municipal Center. That building was the first major investment in that area and helped spark the creation of the vibrant neighborhoods growing along U and Fourteenth Street. The Reeves Center has served us well, but it is near the end of its useful life and it is time for the District to “take its profit” from that transaction. My proposal is to use the value of the land at the Reeves Center to acquire the majority of the soccer stadium site. This accomplishes two things: first, it allows us to spur development at Buzzard Point without compromising the debt cap, and second it will put the Reeves Center land back on the District’s tax rolls. That land is some of the most valuable land in the District of Columbia and at present it is untaxed.
- ***Invest in Anacostia.*** As part of this transaction, we will construct a new “Reeves Center” in Anacostia at the corner of MLK and Good Hope Road. This land is already owned by the District and we hope the placement of a major government center at that site will spur much needed investment and bring jobs to Anacostia.
- ***Jobs for District Residents.*** We have included stringent provisions in the transaction documents that will bring jobs to District residents and businesses. Specifically, (i) for the construction of the Stadium, at least 60% of apprentice hours by trade shall be performed by District residents, at least 51% of the skilled laborer hours by trade shall be performed by District residents; and at least 70% of common laborer hours shall be performed by District resident; (ii) once the Stadium is operational, (i) 51% of Stadium jobs (ticket takers, guest services, ushers, food service, etc.) will go to District residents; (ii) 50% of all development related contracts (i.e. design, construction, etc.) will be awarded to CBE businesses with 35% to small and 20% to disadvantaged business enterprises; and (iii) 35% of all stadium operation contracts (i.e. janitorial, food service, security, etc.) will be awarded to CBE businesses.

- ***Economic Benefits.*** Over 30 years, this project will generate (on a net present value basis) \$72 million in sales and use taxes at the new stadium and (again on net present value basis) more than \$151 million total tax revenue to the District. (Note that these figures do not include substantial amounts of new tax revenue that will be generated by the redevelopment of the Reeves Center site.) In addition, the new stadium will generate \$50 million a year in new economic activity and support nearly \$14 million a year in payroll which equates to 446 full-time jobs in the District of Columbia.

I appreciate that it has taken longer than we originally anticipated to negotiate this transaction, but I instructed our team to get the best deal for the District and its residents and the resulting negotiations were extensive. Rest assured that we insisted upon – and got – the best deal for the District and we are pleased to present it to the Council for approval.

We are prepared to answer any questions that you may have and look forward to presenting the merits of this transaction at the appropriate hearings. Given the importance of this transaction to the District and its economy, we ask that you schedule the necessary hearings as quickly as possible and prior to the summer recess.

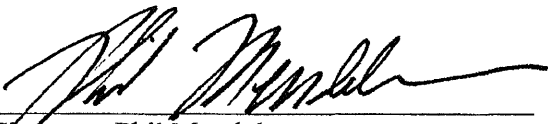
Sincerely,



Vincent C. Gray

Enclosures: District of Columbia Soccer Stadium Development Act of 2014  
Development Agreement w/ DC United  
Groundlease w/ DC United  
Exchange Agreement w/ Akridge  
Letter of Intent w/ Pepco

Copy: All Councilmembers  
Allen Y. Lew, City Administrator

  
Chairman Phil Mendelson  
At the request of the Mayor

A BILL

IN THE COUNCIL OF THE DISTRICT OF COLUMBIA

To approve the exchange agreement for the real property in Lot 13, Square 607 and Lot 844, Square 204, to authorize the Mayor to assemble the soccer stadium site including through the use of eminent domain; to approve the ground lease of the soccer stadium site, to approve the development agreement for the construction of a new soccer stadium; to authorize the actions of the District required by these agreements including street and alley closings, environmental remediation, and expenditures of funds; to authorize an underground airspace lease in addition to vault permits in connection with the development of the soccer stadium site; to amend the Robert F. Kennedy Memorial Stadium and District of Columbia National Guard Armory Public Safety Act to make it applicable to the soccer stadium; to amend Title 25 of the District of Columbia Code to provide for licenses to be issued to the soccer stadium; to amend Chapter 20 of Title 47 of the District of Columbia Official Code to abate from tax charges for admission to public events conducted at the new soccer stadium site, as well as to abate sales of or charges for certain other food, drink and tangible personal property associated with the game day experience; to amend Chapter 46 of Title 47 of the District of Columbia Official Code to provide a real property tax and possessory interest tax abatement for the soccer stadium site; and to exempt the transfer of the stadium site from the taxes imposed by section 42-1103 and section 47-903.

BE IT ENACTED BY THE COUNCIL OF THE DISTRICT OF COLUMBIA, That this act may be cited as the "District of Columbia Soccer Stadium Development Act of 2014".

Sec. 2. Findings.

The Council finds that:

1 (1) The development of a new, state-of-the-art, LEED certified outdoor soccer stadium at  
2 Buzzard Point will leverage other District investments such as the South Capital Street Bridge  
3 project, the parking facilities for Nationals Park and the streetcar project, to accelerate and  
4 promote economic vitality in the Buzzard Point and Capitol Riverfront neighborhoods as well as  
5 enhance economic development in the District of Columbia.

6 (2) In order for the development of the new soccer stadium to proceed, it is necessary for  
7 the District to acquire certain parcels of land that are part of the site of the new soccer stadium  
8 development and to lease to DC Stadium LLC, the developer of the soccer stadium, the various  
9 parcels of land on which the soccer stadium and ancillary developments will be constructed.

10 (3) The assemblage of properties within the soccer stadium site is necessary to allow for  
11 the development of the soccer stadium and its ancillary developments and is a municipal use that  
12 serves many public purposes and is in the interest of, and for the benefit of, the citizens of the  
13 District of Columbia.

14 Sec. 3. Assemblage of Soccer Stadium Site.

15 (a) Notwithstanding any other provision of law, including but not limited to An Act  
16 Authorizing the sale of certain real estate in the District of Columbia no longer required for  
17 public purposes, approved August 5, 1939 (53 Stat. 1211; D.C. Official Code § 10-801), the  
18 Council approves (i) the exchange agreement between the District of Columbia and SW Land  
19 Holder, LLC dated as of May 23, 2014 for the real property in Lot 13, Square 607 and Lot 844,  
20 Square 204, and (ii) the acquisition of any of squares 605, 607, and 661 and the northwestern  
21 portion of Square 665 at a cost, when aggregated with the valuation ascribed in the exchange  
22 agreement to Lot 13 in Square 607, not to exceed Ninety Million Dollars (\$90,000,000.00).

1 (b) The Mayor may exercise eminent domain in accordance with the procedures set forth  
2 in subchapter II of Chapter 13 of Title 16 of the District of Columbia Official Code to acquire  
3 properties in the soccer stadium site on which to construct and develop the soccer stadium and its  
4 ancillary developments.

5 (c) The term "Soccer Stadium Site" means the real property currently described as  
6 squares 603S, 605, 607, 611N and 661, additional real property located in square 665 as more  
7 specifically described prior to the implementation of the Act, and all public alleys and streets to  
8 be closed within these squares.

9 Sec. 4. Approval of Transaction Documents.

10 (a) Notwithstanding any other provision of law, including but not limited to An Act  
11 Authorizing the sale of certain real estate in the District of Columbia no longer required for  
12 public purposes, approved August 5, 1939 (53 Stat. 1211; D.C. Official Code § 10-801), the  
13 Council approves the lease of the Soccer Stadium Site to DC Stadium LLC on the terms and  
14 conditions set forth in the ground lease dated as of May 23, 2014 between the District of  
15 Columbia and DC Stadium LLC.

16 (b) Pursuant to section 451 of the District of Columbia Home Rule Act, approved  
17 December 24, 1973 (87 Stat. 803; D.C. Official Code § 1-204.51), and notwithstanding section  
18 202 of the District of Columbia Procurement Practices Reform Act of 2010, effective April 8,  
19 2011 (D.C. Law 18-371; D.C. Official Code § 2-352.02), the Council approves the development  
20 agreement dated as of May 23, 2014 by and among the District of Columbia and DC Stadium  
21 LLC by which the District will assemble the Soccer Stadium Site and undertake the obligations  
22 set forth therein, as both a multiyear contract and a contract involving expenditures in excess of  
23 \$1 million during a 12-month period.

1 (c) Notwithstanding any other provision of law, the Mayor is authorized to undertake the  
2 actions of the District contemplated under the (i) exchange agreement approved in subsection  
3 3(a), (ii) the ground lease approved in subsection 4(a), and (iii) the development agreement  
4 approved in subsection 4(b) and to expend funds for the purposes set forth therein.

5 Sec. 5. The Robert F. Kennedy Memorial Stadium and District of Columbia National  
6 Guard Armory Public Safety Act, effective November 3, 1977 (D.C. Law 2-37; D.C. Official  
7 Code § 3-341 et seq.), is amended as follows:

8 (a) Section 3a (D.C. Official Code § 3-342.01) is amended as follows:

9 (1) By striking the existing language and inserting the phrase “As used in this  
10 subchapter, the term:” in its place.

11 (2) New subsections (1) and (2) are added to read as follows:

12 “(1) “Baseball Stadium” shall have the same meaning as that provided for the term  
13 “Ballpark” in D.C. Official Code § 47-2002.05(a)(1)(A).

14 (2) “Soccer Stadium” means a soccer stadium constructed after October 1, 2014 on a site  
15 bounded by 2nd Street, S.W., T Street, S.W., Half Street, S.W., Potomac Avenue, S.W., and R  
16 Street, S.W.”

17 (b) Section 4 (D.C. Official Code § 3-343) is amended by striking the phrase “Baseball  
18 Stadium,” and inserting the phrase “Baseball Stadium, the Soccer Stadium,” in its place.

19 (c) Section 4a (D.C. Official Code § 3-343.01) is amended as follows:

20 (1) Subsection (a) is amended by striking the phrase “or the Baseball Stadium”  
21 and inserting the phrase “, the Baseball Stadium or the Soccer Stadium” in its place.

22 (2) Subsection (b) is amended as follows:

23 (A) Strike the word “or” at the end of paragraph (1A).



1 (B) A new paragraph (1B) is added to read as follows:

2 “(1B) Any person duly authorized or licensed by the owner or operator of the  
3 Soccer Stadium to possess, sell, give away, transport, or store alcoholic beverages or containers  
4 within any portion of the Soccer Stadium or to any employee or agent acting for any such duly  
5 authorized or licensed person; or”.

6 (d) Section 4b (D.C. Official Code § 3-343.02) is amended as follows:

7 (1) Subsection (c) is amended by striking the phrase “or the Baseball Stadium”  
8 and inserting “, the Baseball Stadium or the Soccer Stadium” in its place and redesignated as  
9 subsection (d).

10 (2) A new subsection (c) is added to read as follows:

11 “(c) Unless expressly authorized by the owner or operator of the Soccer Stadium, or their  
12 duly authorized agents, no person shall at any time enter onto any portion of the playing field  
13 within the Soccer Stadium.”

14 Sec. 6. Title 25 of the District of Columbia Official Code is amended as follows:

15 (a) Section 25-101 is amended by redesignating paragraph (48A) as (48B) and adding a  
16 new paragraph (48A) to read as follows:

17 “(48A) “Soccer Stadium” shall have the meaning set in D.C. Official Code § 3-343.01.”

18 (b) Section 25-114 is amended as follows:

19 (1) Subsection (a) is amended by striking the phrase “DC Arena” and inserting the  
20 phrase “DC Arena and the Soccer Stadium” in its place.

21 (2) A new subsection (c) is added to read as follows:

1                   “(c)(1) Upon application by an applicant as set forth in Chapter 4 of Title  
2 25, the Board shall issue one or more retailer's licenses, class Arena C/X, to the owner and  
3 operator of the Soccer Stadium.

4                   “(2) At the option of the owner and operator of the Soccer Stadium, the  
5 licenses may be issued to concessionaires and tenants of the Soccer Stadium, as may be  
6 requested from time to time by the owner and operator of the Soccer Stadium.

7                   “(3) Licenses may be canceled by the Board if the owner and operator  
8 ceases to own and operate the Soccer Stadium.

9                   “(4) If the owner and operator of the Soccer Stadium assigns its interest in  
10 the Soccer Stadium, the Board shall transfer the licenses to the owner and operator's assignee,  
11 upon application under Chapter 4 and approval by the Board.”.

12                   (3) Subsection (d) is amended by deleting the phrase “DC Arena” and inserting  
13 “DC Arena, the Soccer Stadium” in its place.

14                   (4) Subsection (e) is amended by deleting the phrase “DC Arena” and inserting  
15 “DC Arena and the Soccer Stadium” in its place.

16                   (c) Section 25-505 is amended by deleting the phrase “DC Arena” and inserting “DC  
17 Arena and the Soccer Stadium” in its place.

18                   (d) Section 25-1003 is amended by:

19                   (1) deleting the phrase “DC Arena” and inserting “DC Arena or the Soccer  
20 Stadium” in its place.

21                   (2) deleting the phrase “lessee or its” and inserting “lessee, the owner and  
22 operator of the Soccer Stadium or either of their” in its place.

23                   Sec. 7. Authority for vault space permit or airspace lease.

1           Notwithstanding any other provision of law, the Mayor may issue a permit or airspace  
2   lease to DC Stadium LLC, or its designee, for vault space or airspace adjacent to the Soccer  
3   Stadium Site, having a term as may be determined by the Mayor, and at no additional rent or fee,  
4   except as may be otherwise determined by the Mayor, but otherwise in accordance with the  
5   District of Columbia Public Space Rental Act, approved October 17, 1968 (82 Stat. 1156; D.C.  
6   Official Code § 10-1101.01 et seq.), and the District of Columbia Public Space Utilization Act,  
7   approved October 17, 1968 (82 Stat. 1166; D.C. Official Code § 10-1121.01 et seq.), as  
8   applicable.

9           Sec. 8. Title 47 of the District of Columbia Official Code is amended as follows:

10          (a) Section 2001 is amended as follows:

11                  (1) A new section 47-2001(r-2) is added to read as follows:

12                  “(r-2) “Soccer Stadium” shall have the meaning set in D.C. Official Code § 3-  
13   342.01.”

14                  (2) A new section 47-2001(r-3) is added to read as follows:

15                  “(r-3) “Soccer Stadium Site” means Squares 603S, 605, 607, 611N and 661,  
16   additional real property located in square 665 as more specifically described prior to the  
17   implementation of this section, and all public alleys and streets to be closed within these  
18   squares.”

19          (b) Section 47-2005 is amended as follows:

20                  (1) Section 47-2005(35) is amended by striking the word “and” at the end thereof;

21                  (2) Section 47-2005(36) is amended by striking the period at the end thereof and  
22   inserting the phrase “; and” in its place.

1 (3) Section 47-2005 is amended by adding a new subsection (37) to read as  
2 follows:

3 “(37) (1) The Soccer Stadium Gross Receipts that includes all of the legal sales of  
4 or charges for (A) the right or privilege or permission to enter, or evidence of the right or  
5 privilege or permission to enter, the Soccer Stadium (whether by ticket, season ticket,  
6 subscription, license or otherwise) and (B) the Game Day Experience, that are made by a vendor  
7 that is licensed to be at and physically present at, and delivery occurs to the purchaser of such  
8 food, drink or tangible personal property on the Soccer Stadium Site (excluding online sales  
9 (other than online sales made by the operator of the Major League Soccer team operating out  
10 of the Soccer Stadium of team, MLS or soccer-related merchandise) unless the item or ticket is  
11 acquired or redeemed at the Soccer Stadium Site or on the Adjacent Development Site as part of  
12 a Game Day Experience), beginning with the sales tax period during which the final certificate  
13 of occupancy authorizing stadium use is issued for the Soccer Stadium (as defined in section 47-  
14 2001(r-2)) and the four (4) subsequent sales tax years; provided that (2) the Soccer Stadium  
15 Gross Receipts described in (1) above will be taxed at one half of the sales tax rate then in effect  
16 from the first sales tax period beginning in the sixth sales tax year after the final certificate of  
17 occupancy authorizing stadium use is issued for the Soccer Stadium (as defined in section 47-  
18 2001(r-2)) to the last sales tax period ending in the fourth (4th) succeeding sales tax year; and  
19 provided further, (3) unless otherwise provided for in this title, none of the Soccer Stadium Gross  
20 Receipts will be exempt for any sales tax after the tenth sales tax year after the final certificate of  
21 occupancy authorizing stadium use is issued for the Soccer Stadium (as defined in section 47-  
22 2001(r-2)). For purposes of this section: The Game Day Experience means: food, drink or other  
23 tangible personal property sold at retail establishments within the Soccer Stadium Site, which

1 shall include, but not limited to, retail establishments such as bars, restaurants and team stores  
2 and stores selling primarily merchandise generally oriented to tourists such as shirts, mugs, flags  
3 and similar items displaying the logos of the District, WMATA or other such non-sports related  
4 items that are otherwise taxable under this chapter.

5 (b-1) Section 47-2206 is amended as follows:(1) Section 47-2206(3) is  
6 amended by striking the word “and” at the end thereof;

7 (2) Section 47-2206(4) is amended by striking the period at the end thereof and  
8 inserting the phrase “; and” in its place.

9 (3) Section 47-2206 is amended by adding a new subsection (5) to read as  
10 follows:

11 “(5) sales or charges described and for the use tax periods enumerated as sales tax periods  
12 in subsection 47-2005(37).”  
13

14 (c) Chapter 46 is amended as follows:

15 (1) The table of contents is amended by adding a new section designation to read  
16 as follows:

17 “47-46\_\_ Soccer Stadium”

18 (2) A new section 47-46\_\_ is added to read as follows:

19 “47-46\_\_ Soccer Stadium.

20 “(a) The real property taxes imposed under chapter 8 of this title and the  
21 possessory interest tax imposed under section 47-1005.01 on that portion of the Soccer Stadium  
22 Site, as defined in section 47-2001(r-3), on which the Soccer Stadium, as defined in section 47-  
23 2001(r-2), is constructed, shall be abated as follows:

1                   “(1) Beginning on the date that the District acquires title to each portion  
2 of the site on which the Soccer Stadium is constructed through the fifth lease year after the  
3 certificate of occupancy for the Soccer Stadium is issued, all real property taxes and possessory  
4 interest taxes for each such year shall be abated;

5                   “(2) For lease years 6 through 10, real property taxes and possessory  
6 interest taxes in excess of 25% of the taxes otherwise due for each such year shall be abated;

7                   “(3) For lease years 11 through 15, real property taxes and possessory  
8 interest taxes in excess of 50% of the taxes otherwise due for each such year shall be abated;

9                   “(4) For lease years 16 through 20, real property taxes and possessory  
10 interest taxes in excess of 75% of the taxes otherwise due for each such year shall be abated;

11                   “(5) Beginning with the 21st lease year and for each lease year thereafter,  
12 the real property taxes and possessory interest taxes otherwise due for each such year shall not be  
13 abated under this section.

14                   “(b) The abatement provided by subsection (a) for any real property tax year may  
15 be allocated between half tax years at the discretion of the Office of Tax and Revenue.

16                   “(c) The abatement provided under this section shall be in addition to, and not in  
17 lieu of, any other tax relief or assistance from any other source applicable to the Soccer Stadium.

18                   “(d) The abatement provided under subsection (a) shall terminate at the end of the  
19 half tax year during which the Soccer Stadium ceases to be used as a stadium by a major league  
20 soccer team.”.

21                   (d) All transfers of real property in the Soccer Stadium Site while the ground lease  
22 authorized by section 4(a) is in effect, shall be exempt from the taxes imposed by section 303 of

1 the District of Columbia Deed Recordation Tax Act of 1962, approved March 2, 1962 (76 Stat.  
2 11; D.C. Official Code § 42-1103); and section 47-903.

3 (e) Except with respect to sales of or charges pursuant to 47-2005(37)(A), the exemption  
4 provided under subsection 8(b) shall apply beginning with the first day following the issuance of  
5 the final certificate of occupancy authorizing use of the Soccer Stadium for professional soccer  
6 matches.

7 (f) The exemption provided under subsections 8(b) and 8(d) shall expire on the  
8 termination of the ground lease authorized by section 4(a).

9 (g) This section 8 shall apply upon the inclusion of its fiscal effect in an approved budget  
10 and financial plan, as certified by the Chief Financial Officer to the Budget Director of the  
11 Council in a certification published by the Council in the District of Columbia Register.

12 Sec. 9. Fiscal impact statement.

13 The Council adopts the fiscal impact statement in the committee report as the fiscal  
14 impact statement required by section 602(c)(3) of the District of Columbia Home Rule Act,  
15 approved December 24, 1973 (87 Stat. 813; D.C. Official Code § 1-206(c)(3)).

16 Sec. 10. Effective date.

17 This act shall take effect following approval by the Mayor (or in the event of veto by the  
18 Mayor, action by the Council to override the veto), a 30-day period of Congressional review as  
19 provided in section 602(c)(1) of the District of Columbia Home Rule Act, approved December  
20 24, 1973 (87 Stat. 813; D.C. Official Code § 1-206.02(c)(1), and publication in the District of  
21 Columbia Register.

**GOVERNMENT OF THE DISTRICT OF COLUMBIA  
OFFICE OF THE ATTORNEY GENERAL**



**Legal Counsel Division**

**MEMORANDUM**

**TO: Lolita S. Alston  
Director  
Office of Legislative Support**

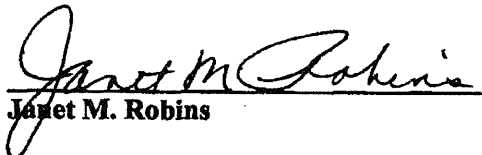
**FROM: Janet M. Robins  
Deputy Attorney General  
Legal Counsel Division**

**DATE: May 22, 2014**

**SUBJECT: Legal Sufficiency Review of the Revised District of Columbia Soccer  
Stadium Development Act of 2014  
(AE-13-954B)**

---

**This is to Certify that this Office has reviewed the above-referenced Bill  
and found it to be legally unobjectionable. Please do not hesitate to call me at 724-  
5524 if you have any questions.**

  
**Janet M. Robins**

**JMR/arh**





**COUNCIL OF THE DISTRICT OF COLUMBIA  
COMMITTEE OF THE WHOLE**

**NOTICE OF JOINT PUBLIC HEARING**

1350 Pennsylvania Avenue, NW, Washington, DC 20004

---

**CHAIRMAN PHIL MENDELSON  
COMMITTEE OF THE WHOLE**

**COUNCILMEMBER JACK EVANS, CHAIRPERSON  
COMMITTEE ON FINANCE AND REVENUE**

and

**COUNCILMEMBER KENYAN MCDUFFIE, CHAIRPERSON  
COMMITTEE ON GOVERNMENT OPERATIONS**

**ANNOUNCE A JOINT PUBLIC HEARING**

on

**Bill 20-805, District of Columbia Soccer Stadium Development Act of 2014**

on

**Thursday, June 26, 2014**

**9:30 a.m., Council Chamber, John A. Wilson Building  
1350 Pennsylvania Avenue, NW  
Washington, DC 20004**

Council Chairman Phil Mendelson, Councilmember Jack Evans, and Councilmember Kenyan McDuffie announce a joint public hearing of the Committee of the Whole, Committee on Finance and Revenue, and Committee on Government Operations on Bill 20-805, the "District of Columbia Soccer Stadium Act of 2014." The public hearing will be held Thursday, June 26, 2014, at 9:30 a.m. in the Council Chamber of the John A. Wilson Building, 1350 Pennsylvania Avenue, NW.

The stated purpose of Bill 20-805 is to approve the exchange agreement for the real property in Lot 13, Square 607 (proposed stadium site) and Lot 844, Square 204 (Reeves Building), to authorize the Mayor to assemble the soccer stadium site in Southwest including through the use of eminent domain, to approve the ground lease for the site with the DC United soccer team, to approve the development agreement for the construction of a new soccer stadium, to authorize various actions including street and alley closings, environmental remediation, and certain expenditures of funds, to authorize an underground or airspace lease; to amend the law to abate from gross sales tax charges for admission to public events at the site and charges for certain other food, drink, and tangible personal property, and to provide a real property and possessory interest tax abatement for the site, and to exempt the transfer of the site from deed recordation and transfer taxes.

Those who wish to testify are asked to telephone the Committee of the Whole, at (202) 724-8196, or e-mail Jessica Jacobs, Legislative Counsel, at [jjacobs@dccouncil.us](mailto:jjacobs@dccouncil.us) and provide their name, address, telephone number, and organizational affiliation, if any, by the close of business Tuesday, June 24, 2014. Persons wishing to testify are encouraged, but not required, to submit 15 copies of written testimony. If submitted by the close of business on June 24, 2014, the testimony will be distributed to Councilmembers before the hearing. Witnesses should limit their testimony to five minutes; less time will be allowed if there are a large number of witnesses. A copy of Bill 20-805 can be obtained through the Legislative Services Division of the Secretary of the Council's office or at <http://lms.dccouncil.us/>.

If you are unable to testify at the hearing, written statements are encouraged and will be made a part of the official record. Copies of written statements should be submitted to the Committee of the Whole, Council of the District of Columbia, Suite 410 of the John A. Wilson Building, 1350 Pennsylvania Avenue, NW, Washington, D.C. 20004. The record will close at 5:00 p.m. on Thursday, July 10, 2014.

①

**COUNCIL OF THE DISTRICT OF COLUMBIA  
COMMITTEE OF THE WHOLE  
WITNESS LIST**

1350 Pennsylvania Avenue, NW, Washington, DC 20004

---

**CHAIRMAN PHIL MENDELSON  
COMMITTEE OF THE WHOLE**

**COUNCILMEMBER JACK EVANS, CHAIRPERSON  
COMMITTEE ON FINANCE AND REVENUE**

and

**COUNCILMEMBER KENYAN MCDUFFIE, CHAIRPERSON  
COMMITTEE ON GOVERNMENT OPERATIONS**

**ANNOUNCE A JOINT PUBLIC HEARING**

on

**Bill 20-805, District of Columbia Soccer Stadium Development Act of 2014**

on

**Thursday, June 26, 2014**

**9:30 a.m., Council Chamber, John A. Wilson Building  
1350 Pennsylvania Avenue, NW  
Washington, DC 20004**

**WITNESS LIST**

- |    |                      |  |
|----|----------------------|--|
| 1. | Ben Olsen*           | Head Coach, D.C. United  |
| 2. | Jason Levien*        | Managing General Partner, D.C. United  |
| 3. | Victor Melara*       | Director of Community Relations, D.C. United   |
| 4. | Pharis Owens*        | Program Manager, United Soccer Club/D.C. United  |
| 5. | Matt Klein*          | President, Akridge   |
| 6. | Allen Y. Lew*        | City Administrator   |
| 7. | John Ross*           | Senior Advisor and Director of Economic Development Finance, Office of the Chief Financial Officer |
| 8. | Elliott Ferguson, II | President & CEO, Destination DC  |
| 9. | Alec Rivera          | Public Witness   |

*\*These witnesses will be called first for presentation only, and will be called back at the end of the hearing to respond to questions.*

- |     |                     |  |
|-----|---------------------|--|
| 10. | Robert Gillespie    | Representative, La Barra Brava   |
| 11. | Adam M. Taylor      | Public Witness   |
| 12. | Brendan Cartwright  | Public Witness   |
| 13. | Ruth Hamilton       | Chair, Near SE/SW Community Benefits Coordinating Council                |
| 14. | Felicia Coutts      | Coordinator, Near SE/SW Community Benefits Coordinating Council          |
| 15. | Rhonda Hamilton     | Member, Near SE/SW Community Benefits Coordinating Council               |
| 16. | Jerry Clark         | Political Director, D.C. for Democracy                                   |
| 17. | Victoria A. Leonard | Economic Development Advisory, Mid-Atlantic Laborers' Co-operation Trust |
| 18. | Ben Keller          | Public Witness   |
| 19. | Ed Lazere           | Executive Director, DC Fiscal Policy Institute                           |
| 20. | Michael A. Lee      | Public Witness   |
| 21. | Eric Fox            | Public Witness   |
| 22. | John Endresen       | Public Witness   |
| 23. | John Siko           | Public Witness   |
| 24. | Harry Wingo         | President & CEO, DC Chamber of Commerce                                  |
| 25. | Jim Dinegar         | President & CEO, Greater Washington Board of Trade                       |
| 26. | Elizabeth Neely     | Public Witness   |
| 27. | Jason Langsner      | Public Witness   |
| 28. | William Springer    | Public Witness   |
| 29. | Jessie Kaplan       | Public Witness   |

30.	Mark Wysocki	Public Witness
31.	Carmen Garzone	Public Witness
32.	Jenny Demarco	Public Witness
33.	JJ Demarco	Public Witness
34.	Laura Farina	Public Witness
35.	Pete Backof	Public Witness
36.	Angie Vang	Public Witness
37.	Scott Klenet	Public Witness
38.	Ariel Lopez	Public Witness
39.	Edwin Guevara	Public Witness
40.	Howard Marks	Public Witness
41.	Kristian Muench	Public Witness
42.	Michel Richaud	Public Witness
43.	Jeffrey Matheny	Public Witness
44.	Robert W. Hall	Vice President, Condo Board of Directors, Capitol Park IV
45.	Josh Marks	Public Witness
46.	Patricia Emory	Public Witness
47.	Jeremy Merkelson	Public Witness
48.	Eric Jones	Associate Director of Government Affairs, Associated Builders & Contractors of Metro Washington
49.	Linda Castillo	Public Witness
50.	Martin Welles	President, Amidon-Bowen Elementary PTA

51.	Ed Foster-Simeon	President/CEO, US Soccer Foundation
52.	Russell Wasem	Public Witness
53.	Eric Olinsky	Public Witness
54.	Brandon Wright	Public Witness
55.	Todd Turner	Public Witness
56.	Mike Burns	Public Witness
57.	Ramon A. Compres	President, Los Hermanos Restaurant
58.	Carlos Castillo	Trabajadores Unidos of Washington DC
59.	Jose Alvarado	Trabajadores Unidos of Washington DC
60.	Maria Corrales	Chair, DC Hispanic Construction Association
61.	Will Risso	Executive Director, The Paraguayan Talent Festival
62.	Martin Mouthon	Public Witness
63.	Luciano Rodriguez	El Coqui Deportivo
64.	Marie Drissel	Public Witness
65.	David Rusk	Public Witness
66.	Debby Hanrahan	Public Witness
67.	Eugene Puryear	Public Witness
68.	Jose Sueiro	Secretary of the Board, Columbia Heights Business Association, Inc.
69.	Christopher Gould	Public Witness
70.	Jose Ferman	Public Witness
71.	Jazmin Bunn	Public Witness
72.	Rick Weber	Public Witness
73.	Ryan Keefe	Public Witness

74.	Mary Battle	Business Manager, Operative Plasters and Cement Masons-Local 891
75.	Marina Streznewski	Executive Director, DC Jobs Council
76.	Nikki Lewis	Executive Director, DC Jobs with Justice
77.	Robin Shuster	Owner, 14 & U Farmers Market
78.	Randy Polanco	Advisor, DC Latino Caucus
79.	Thelma T. Jones	Board Member, SW Neighborhood Assembly
80.	Fredrica Kramer	Public Witness
81.	Karen Vanagas	United Media Group
82.	Stephen Courtien	Business/Legislative Representative, Washington D.C. Building Trades Council
83.	Barbra Kavanaugh	Executive Director, Employment Justice Center
84.	Tom Barrett	Public Witness
85.	Bill Watts	Public Witness
86.	Nicholas Anobah	Public Witness
87.	Fransisco Yanes	Public Witness
88.	Sully Hamid	Public Witness
89.	Chris Gresham	Public Witness
90.	Javier Marius	Public Witness
91.	Marley Rave	Public Witness
92.	Gregory Jackson	Public Witness
93.	Greg Snapp	Public Witness
94.	Earnest Yombo	Assistant Principal, Latin American Montessori Bilingual School (LAMB)

95.	Jose Castillo	Head Coach, Youth Soccer League
96.	Rodolfo Ulloa	Coach, United Soccer Club – Parkview
97.	Ana Harvey	DC Hispanic Chamber of Commerce
98.	Peter Akinsaya	Parent, United Soccer Club – Turkey Thicket
99.	Carlos Perdomo	President & CEO, Keystone Construction
100.	Cesar Bowman	Parent, United Soccer Club – Harrison
101.	Irasema Salcido	CEO & Founder, Cesar Chavez Charter School
102.	Maria Patricia Corrales	DC Hispanic Contractors Association & Fiesta DC, Inc.
103.	Joan Sterling	President, Shaw Dupont Citizens Alliance
104.	Sebastian Martinez	Public Witness
105.	Timothy Mountcastle	Public Witness
106.	Shannon Smith	Public Witness
107.	Erik Moses	Senior Vice President & Managing Director, Events DC
108.	Nizzam Ali	Ben's Chili Bowl
109.	Alberto Gomez	Anacostia Economic Development Corporation
110.	Andy Litsky	Vice Chairman, Advisory Neighborhood Commission 6D
111.	Ben Olsen	Head Coach, D.C. United
112.	Jason Levien	Managing General Partner, D.C. United

- |      |               |  |
|------|---------------|--|
| 113. | Victor Melara | Director of Community Relations, D.C. United   |
| 114. | Pharis Owens  | Program Manager, United Soccer Club/D.C. United  |
| 115. | Matt Klein    | President, Akridge   |
| 116. | Allen Y. Lew  | City Administrator   |
| 117. | John Ross     | Senior Advisor and Director of Economic Development Finance, Office of the Chief Financial Officer |



(D)



*Near Southeast/Southwest*  
Advisory Neighborhood Commission 6D

1101 Fourth Street, SW  
Suite W130  
Washington, DC 20024  
202.554.1795  
Email: [office@anc6d.org](mailto:office@anc6d.org)  
Website: [www.anc6d.org](http://www.anc6d.org)

October 26, 2014

**OFFICERS**

**Chairman**

Roger Moffatt

**Vice Chairman**

Andy Litsky

**Secretary**

Stacy Cloyd

**Treasurer**

Rachel Reilly Carroll

**COMMISSIONERS**

SMD 1 - Sam Marrero  
SMD 2 - Stacy Cloyd  
SMD 3 - Rachel Reilly Carroll  
SMD 4 - Andy Litsky  
SMD 5 - Roger Moffatt  
SMD 6 - Rhonda Hamilton  
SMD 7 - David Garber

Phil Mendelson

VIA E-MAIL: [PMENDELSON@DCCOUNCIL.US](mailto:PMENDELSON@DCCOUNCIL.US)

RE: **ANC6D Support of CBCC to Negotiate CBA**

Dear Mr. Mendelson,

At its regularly scheduled and properly noticed public meeting on October 20, 2014, with a quorum present, a quorum being four of six Commissioners, Advisory Neighborhood Commission (ANC) 6D voted 7-0-0, to send the following resolution below in support of the CBCC:

ANC6D supports CBCC's effort to negotiate a CBA on behalf of the community, in conjunction with the ANC, regarding the soccer stadium plan on Buzzard Point.

Sincerely,

Roger Moffatt  
Chair, ANC 6D

CC:

Bowser, Muriel  
McDuffie, Kennan  
Cheh, Mary  
Graham, Jim  
Evans, Jack  
Orange, Vincent  
Grosso, David  
Catania, David  
Bonds, Anita  
Barry, Marion  
Alexander, Yvette  
Wells, Thomas  
Felicia Coutts, CBCC Coordinator

(E)

Government of the District of Columbia  
Office of the Chief Financial Officer

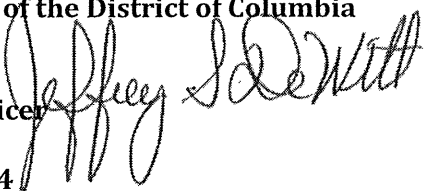


Jeff DeWitt  
Chief Financial Officer

**TAX ABATEMENT FINANCIAL ANALYSIS**

**TO:** The Honorable Vincent C. Gray  
Mayor, District of Columbia

The Honorable Phil Mendelson  
Chairman, Council of the District of Columbia

**FROM:** Jeff DeWitt  
Chief Financial Officer 

**DATE:** November 13, 2014

**SUBJECT:** "District of Columbia Soccer Stadium Development Act of 2014"

**REFERENCE:** Bill 20-805

---

**Findings**

The purpose of a Tax Abatement Financial Analysis (TAFA) is to determine whether or not the recipient can be reasonably expected to meet its fiscal needs without the proposed abatement or exemption. The OCFO finds the abatements and exemptions in the proposed legislation are not necessary for DC United (the Team) to continue operating a Major League Soccer (MLS) franchise in the District.

According to data published in Forbes magazine, the value of DC United more than doubled from 2007 to 2012 despite experiencing annual operating losses<sup>1</sup>. The same data show the value of other MLS teams which opened new stadiums during that time period more than tripled<sup>2</sup>.

The financial decisions of sports team owners can be driven by several factors, including non-fiscal benefits (e.g., prestige or the thrill of competition), indirect benefits (e.g., strategic overlap with other business interests or tax advantages), and return on investment (ROI). For MLS teams a key factor in determining ROI is the long-term appreciation of the team's value. The OCFO determines that the abatements are not necessary for the owners of DC United because the abatements have little or no impact on the non-fiscal or indirect benefits, and the Team's value will continue to increase regardless of the abatements.

---

<sup>1</sup> Data from the OCFO's consultant and confirmed by the Team indicate that the team has operating losses of \$4 to \$5 million annually.

<sup>2</sup> For 2012 data see: <http://www.forbes.com/sites/chris-smith/2013/11/20/major-league-soccer-s-most-valuable-teams/> For 2007 data see: [http://www.forbes.com/2008/09/09/mls-soccer-beckham-biz-sports-cz\\_kb\\_0909mlsvalues.html](http://www.forbes.com/2008/09/09/mls-soccer-beckham-biz-sports-cz_kb_0909mlsvalues.html)

Please refer to the OCFO’s separate Fiscal Impact Statement for the budget impact of the proposed legislation on the District’s FY 2015 through FY 2018 budget and financial plan.

## **Financial Analysis**

The Exemptions and Abatements Information Requirements Act requires the analysis provided by the OCFO to contain certain information. The required information is below.

### Terms of the Exemption or Abatement

The proposed legislation provides abatement or exemption of three types of tax.

1. **Sales Tax:** The sales tax abatement begins upon issuance of the stadium’s final certificate of occupancy and continues for 10 years. This abatement is expected to begin in 2017 and continue through 2026. The abatement is structured to provide 100% relief for the first five years and 50% relief for the second five years. For sales of tickets and merchandise, the full 5.75% tax would be abated. For food and beverage sales, the 9% tax imposed under D.C. Code § 47-2002 would be abated; however, in accordance with the District’s non-impairment covenants,<sup>3</sup> the additional 1% tax dedicated to the Washington Convention and Sports Authority would not be abated. Only sales which are part of the game-day experience are subject to abatement (e.g., non-game day food sales would not benefit from the abatement).

The recipients of sales tax abatements are typically consumers in the form of lower cost goods. However, as the OCFO currently understands the Team’s revenue projections, the benefit of the sales tax abatement will be realized by the Team through increased ticket, merchandise, and concession prices (i.e. the consumer pays the same price it would have if a portion were collected and remitted as sales tax. The Team, in essence is charging a higher base price). As a result of the ticket revenue sharing arrangement between the Team Owners and MLS, a portion of the proposed sales tax abatement will benefit MLS. Likewise, depending on whether and how the Team negotiates revenue-sharing splits with its merchandise and food and beverage vendors, a portion of the proposed sales tax abatement could benefit these vendors.

2. **Real Property Tax:** The real property and possessory interest<sup>4</sup> tax abatement begins when the District acquires the land and continues for 20 years after the final certificate of occupancy for the stadium is issued. This abatement is expected to begin in 2015 and continue through 2036. The abatement is structured to provide 100% relief from the period beginning with land acquisition through the 5<sup>th</sup> year after final certificate of occupancy, 75% relief from the 6<sup>th</sup> through 10<sup>th</sup> year, 50% relief from the 11<sup>th</sup> through 15<sup>th</sup> year, 25% relief from the 16<sup>th</sup> through 20<sup>th</sup> year.

---

<sup>3</sup> Pursuant to D.C. Code §§ 10-1202.12 and 10-1202.08(e), the District pledges not to limit, restrict or in any way impair the collection, transfer, deposit or disbursement of taxes imposed by §§ 47-2002.02 and 47-2202.01.

<sup>4</sup> For real property subject to a lease or ground rent for a term that is at least 30 years, the holder of the possessory interest is deemed the owner for purposes of receiving notices of proposed assessed value, receiving bills, and filing any petition or appeal.

3. **Deed Recordation and Transfer Tax:** The deed recordation and transfer tax exemption begins with the District’s acquisition of land at Buzzard Point and continues throughout the 30-year duration of the Team’s initial lease period. This exemption is expected to begin in 2015 and continue through 2046. If the Team elects to exercise its option to extend the lease, the exemption period could be extended up to another 15 years. If the Team elects to split the ground lease into two leases (one for the stadium land and one for the ancillary development portion of the site), the exemption could be extended for up to 99 additional years on the ancillary development portion. Since property acquired or sold by the District is not subject to recordation or transfer tax, the Act only exempts the 1.45% tax due from the private party in each transaction.

The recipients of the deed recordation and transfer tax exemptions include the current property owners of the stadium and ancillary development site as well as the Team and its future development partners. *The OCFO did not assess the fiscal need of the current individual Buzzard Point property owners as part of this analysis.*

#### Annual Proposed Value of the Exemption or Abatement

Estimated FY Value of Tax Exemptions and Abatements (\$ in 000's)						
	2015	2016	2017	2018	2019 – 2046 (2015 NPV)	2015 – 2046 Total
Sales Tax Abatement	0	0	1,581	1,626	6,925	10,132
Real Property/Possessory Interest Tax Abatement	950	1,433	4,436	5,102	47,097	59,018
Deed Recordation/Transfer Tax Exemption	2,790 <sup>5</sup>	2,374	0	0	459	5,623
<b>Total</b>	<b>3,740</b>	<b>3,807</b>	<b>6,017</b>	<b>6,728</b>	<b>54,481</b>	<b>74,773</b>

#### Summary of the Proposed Community Benefits

A summary of the proposed community benefits as described by the Mayor in the May 23, 2014 letter accompanying submission of the legislation is in the attached document.

#### Financial Analysis for Development Projects

*Review and Analysis of the Financial Condition of the Recipient of the Proposed Exemption and Whether Recipient Could Be Reasonably Expected to Meet Its Fiscal Needs without the Proposed Exemption*

The financial decisions of sports teams owners are driven by non-fiscal benefits (e.g., prestige or the thrill of competition), indirect benefits (e.g., strategic overlap with other business interests or tax advantages), and return on investment. The primary determinant of return on investment is the long-term appreciation of the team’s value. The OCFO finds that the abatements are not necessary for the owners of DC United because the abatements have little or no impact on the non-fiscal or indirect benefits, and the Team’s value has increased considerably over time and will continue to increase regardless of the abatements.

The Team provided historical annual income and projection data for the new stadium. The OCFO finds that because sports team owners are driven primarily by the non-fiscal, indirect, and long term appreciation benefits discussed above, the annual income data is not significant to the OCFO’s

---

<sup>5</sup> Approximately \$1.3 million of this exemption value would benefit the current land owners and not the team.

determination of whether the proposed abatements are required for the Team owners to meet their fiscal needs.

Nonetheless, the OCFO analyzed<sup>6</sup> the historical and projection data provided by the Team. Historically the Team loses between \$4 and \$5 million per year<sup>7</sup>. The projection data is not useful for conclusive analysis because (a) it assumes the Team can secure a large construction loan for stadium construction, and (b) the projections exclude revenues from ancillary development. DC United’s annual operating losses and current lending conditions make it uncertain that the Team would be able to secure a construction loan. If the stadium is funded with 100% equity rather than debt, the Team would likely break even once the stadium is completed. Furthermore, while the revenues for ancillary development are unknown, they are certain to further improve DC United annual operating income and return on investment.

---

<sup>6</sup> The OCFO’s analysis excludes income/expenses that would not change as a result of a new stadium or the proposed abatements including (a) contractually obligated payments made to the league to cover league operating losses, and (b) income from Soccer United Marketing resulting from the sale of national broadcast rights and league level licensing/sponsorships.

<sup>7</sup> Based on data confirmed by the Team.

(F)


Government of the District of Columbia  
Office of the Chief Financial Officer



Jeff DeWitt  
Chief Financial Officer

**MEMORANDUM**

**TO:** The Honorable Phil Mendelson  
Chairman, Council of the District of Columbia

**FROM:** Jeff DeWitt  
Chief Financial Officer 

**DATE:** November 13, 2014

**SUBJECT:** Fiscal Impact Statement – District of Columbia Soccer Stadium  
Development Act of 2014

**REFERENCE:** Bill 20-805, As Introduced

---

**Conclusion**

Funds are not sufficient in the FY 2015 through FY 2018 budget and financial plan to implement the bill.

Assuming that the project begins on January 1, 2015, the implementation of the bill will cost \$112.2 million in FY 2015 and \$169.5 million over the four-year financial plan period. This is the combined impact of the required capital expenditures (approximately \$102 million in FY 2015 and \$112.4 million over the financial plan period), operating expenditures (\$5.3 million in FY 2015 and \$34.3 million over the financial plan period), and tax abatements (\$4.9 million in FY 2015 and \$22.6 million over the financial plan period).

The bill makes available \$39.9 million in resources to support the District's required expenditures. Resources to support the rest of the District's required funding have not yet been identified.

The tax exemptions provided for in the bill are subject to their inclusion in an approved budget and financial plan.

**Background**

The bill provides the base structure of a public-private partnership for the construction of a soccer stadium for the D.C. United at Buzzard Point.<sup>1</sup> Under the terms of the bill, the District will provide the land and be responsible for the site preparation and the associated infrastructure work. D.C. United will be responsible for the construction of the Stadium.

---

<sup>1</sup> The stadium will be built on Squares 603S, 605, 607, 611N, 661, partially on 665.

The agreements between all parties involved in the assembly for the land and the construction of the stadium include a land exchange agreement, a ground lease agreement, and a development agreement. The bill approves all three of these agreements.

The land exchange agreement is executed between the District and a number of different entities that own the lots on which the stadium would be built. The financial terms of these exchanges are outlined in the table below:

Parcel	Value Paid	Swap Property	Value Received	Due to/ (Due from)
Akridge SSL 0607 0013	(\$21.1)	Reeves Center	\$55.6	\$34.5
Pepco <sup>1</sup> SSL 0661 0804 SSL 0661 0805 SSL 0665 0024	(40.0)	1st & K St NW	15.8	(24.2)
Rollingwood <sup>2</sup> SSL 0605 0007	(10.5)	N/A	0	(5.6)
Super Salvage SSL 0605 0802	(17.1)	N/A	0	(17.1)
<b>TOTAL<sup>3</sup></b>	<b>(\$88.7)</b>		<b>\$71.4</b>	<b>\$12.4</b>

Table Notes

<sup>1</sup>Cost for turbine removal (\$1.0 million) reflected in site preparation estimate.

<sup>2</sup>DC United and Akridge contributions (\$2.4 million each) applied towards the cost of the Rollingwood parcel.

<sup>3</sup>Any difference between sum of the rows and total shown is due to rounding.

The development agreement and ground lease agreement are executed between the District and DC Stadium, LLC, the company owned by the D.C. United. The development agreement outlines how the District and DC Stadium, LLC will share the costs of construction. The District would be responsible for "horizontal development" which includes site preparation, environmental cleanup, and the installation of the necessary utility and transportation infrastructure. DC Stadium, LLC is responsible for the vertical construction of the stadium. The ground lease agreement outlines the terms under which DC Stadium, LLC will lease the soccer stadium land from the District. The agreement approves a 30-year ground lease for a nominal amount, with three options to extend the lease for five-years each.

Finally, the bill authorizes a number of tax abatements for the owner and operators of the soccer stadium. First, the bill abates<sup>2</sup> all sales and use taxes on entry fees (tickets, licenses) and the game day experience (food, drink, personal property) for five years and then at a rate of 50 percent of the sales tax for years six through ten. Beginning in year eleven, sales and use taxes are no longer abated. Second, the bill abates real property taxes fully for the first five years of the abatement term and then on a declining schedule for an additional fifteen years (75 percent abatement for years 6 to 10, 50 percent abatement for years 11 to 15 and 25 percent abatement for years 16 to 20), provided that a major league soccer team occupies the stadium. Third, the bill abates deed recordation taxes on all transfers of property at the soccer stadium site for the life of the ground lease.

---

<sup>2</sup> The sales and use tax abatement begins with the first year of operation.

The bill also aligns the proposed soccer stadium with some of the operational rules in effect at other entertainment venues in the District, such as RFK Stadium and the Ballpark. These include authorizing MPD to establish a barrier around the stadium to control the movement of people, prohibiting individuals from bringing a disposable glass or metal container into the stadium,<sup>3</sup> prohibiting individuals from entering the field of play,<sup>4</sup> and authorizing access to a class Arena C/X alcoholic beverage license for the stadium owner and operator.

### Financial Plan Impact

Funds are not sufficient in the FY 2015 through FY 2018 budget and financial plan to implement the bill. Implementation of the bill and all the associated agreements will impose a number of capital, operating, and revenue reduction costs; and the resources made available by the bill are not sufficient to cover these costs.

First, the bill imposes ongoing operating costs on the District of \$5.3 million in FY 2015 and \$34.3 million over the four-year financial plan period. These costs include a three-year leaseback of the Reeves Center, lease payments at the Anacostia District office building, relocation of employees out of the Reeves Center, a one-time payment to the developer for workforce development, and ongoing security needs at the soccer stadium. The lease payments at the Anacostia office building and the stadium's security needs will continue beyond the financial plan period.

Second, the capital costs imposed by the bill will be \$102 million in FY 2015 and \$112.4 million over the four-year financial plan period. These costs include assembly of the stadium site land and site preparation, such as utility relocations, environmental remediation, and infrastructure upgrades.

Third, the bill authorizes a number of revenue reductions, which will reduce District revenues by \$4.9 million in FY 2015 and \$22.7 million over the four-year financial plan period. These include sales, real property, and deed recordation tax abatements, the waiver of permit fees, and the loss of revenues at the Reeves Center. The deed recordation tax abatement will also impact the Housing Production Trust Fund (\$778,000 over the financial plan period) since a portion of deed recordation taxes are dedicated to this fund.

Finally, the bill would generate some revenue to offset the total costs of the bill. \$39.4 million would be received from developers as a component of the land swap agreement. An additional \$530,000 would be received from FHWA as a match for the necessary improvements along 2<sup>nd</sup> Street, SW, which is a roadway eligible for federal funding. This is a total of \$39.9 million in FY 2015.

District of Columbia Soccer Stadium Development Act of 2014					
Fiscal Impact of Bill 20-808					
FY 2015 – FY 2018					
(\$000s)					
	FY 2015	FY 2016	FY 2017	FY 2018	Total
<b>(1) REVENUES</b>					
Receipts from Asset Sales	\$39,373	\$0	\$0	\$0	\$39,373

<sup>3</sup> Unless expressly authorized by the stadium owner or operator.

<sup>4</sup> Unless expressly authorized by the stadium owner or operator.



<b>District of Columbia Soccer Stadium Development Act of 2014</b> <b>Fiscal Impact of Bill 20-808</b> <b>FY 2015 – FY 2018</b> <b>(\$000s)</b>					
	FY 2015	FY 2016	FY 2017	FY 2018	Total
FHWA Project Match Funds <sup>a</sup>	\$530	\$0	\$0	\$0	\$530
<i>Revenue Subtotal</i>	<i>\$39,903</i>	<i>\$0</i>	<i>\$0</i>	<i>\$0</i>	<i>\$39,903</i>
<b>(2) GENERAL FUND EXPENDITURES</b>					
OPERATING EXPENDITURES					
Office Space Lease Obligations <sup>b</sup>	(\$5,296)	(\$7,099)	(\$7,149)	(\$9,249)	(\$28,793)
Other District Costs	\$0	\$0	(\$3,864)	(\$189)	(\$4,053)
Payments to Developers	\$0	(\$1,500)	\$0	\$0	(\$1,500)
<i>Operating Expenditure Subtotal</i>	<i>(\$5,296)</i>	<i>(\$8,599)</i>	<i>(\$11,013)</i>	<i>(\$9,438)</i>	<i>(\$34,346)</i>
CAPITAL EXPENDITURES					
Land Purchases	(\$51,849)	\$0	\$0	\$0	(\$51,849)
Site Preparation & Infrastructure	(\$50,141)	(\$5,344)	(\$5,096)	\$0	(\$60,581)
<i>Capital Expenditure Subtotal</i>	<i>(\$101,990)</i>	<i>(\$5,344)</i>	<i>(\$5,096)</i>	<i>\$0</i>	<i>(\$112,430)</i>
REVENUE REDUCTIONS					
Real Property Abatement <sup>b</sup>	(\$950)	(\$1,433)	(\$4,436)	(\$5,102)	(\$11,921)
Deed & Recordation Abatement	(\$2,372)	(\$2,018)	\$0	\$0	(\$4,390)
Sales Tax Abatement	\$0	\$0	(\$1,581)	(\$1,626)	(\$3,207)
Waiving of Permit Fees	(\$1,176)	\$0	\$0	(\$137)	(\$1,313)
Reeves Center Tenant Payments	\$0	\$0	\$0	(\$204)	(\$204)
Reeves Center Parking Garage	\$0	\$0	\$0	(\$889)	(\$889)
<i>Revenue Reductions Subtotal</i>	<i>(\$4,498)</i>	<i>(\$3,451)</i>	<i>(\$6,017)</i>	<i>(\$7,958)</i>	<i>(\$21,924)</i>
Total General Fund Expenditures	(\$111,784)	(\$17,394)	(\$22,126)	(\$17,396)	(\$168,700)
<b>(3) NET GENERAL FUND IMPACT (REVENUES – TOTAL GENERAL FUND EXPENDITURES)</b>					
<b>Net Fiscal Impact</b>	<b>(\$71,881)</b>	<b>(\$17,394)</b>	<b>(\$22,126)</b>	<b>(\$17,396)</b>	<b>(\$128,797)</b>
<b>(4) HOUSING PRODUCTION TRUST FUND REVENUE REDUCTION</b>					
<b>Deed &amp; Recordation Abatement</b>	<b>(\$420)</b>	<b>(\$358)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$778)</b>

Table Notes<sup>a</sup>Estimate that FHWA will cover 20 percent of the 2<sup>nd</sup> Street, SW infrastructure costs.<sup>b</sup>Assumes the rental payments and the tax abatement will begin on January 1, 2015.

The land swaps associated with the land exchange agreement are a significant component to the District acquiring the necessary parcels of land to build the soccer stadium, but assets are not considered a part of the District's budget and are therefore, not considered in the fiscal impact analysis.



OFFICE OF THE GENERAL COUNSEL

Council of the District of Columbia  
1350 Pennsylvania Avenue NW, Suite 4  
Washington, DC 20004  
(202) 724-8026

(G)

**MEMORANDUM**

**TO: Councilmember Jack Evans**

**FROM: V. David Zvenyach, General Counsel**

**DATE: November 12, 2014**

**RE: Legal sufficiency determination for Bill 20-805, the  
Soccer Stadium Development Act of 2014**

---

The measure is legally and technically sufficient for Council consideration.

Bill 20-805 is the enabling legislation for construction of a new soccer stadium. In Title I, the Council approves the exchange agreement of real property between the District and SW Land Holder, LLC and the ground lease and development agreement both between the District and DC Stadium LLC. Title I authorizes the Mayor to exercise eminent domain to acquire property on the soccer stadium site.<sup>1</sup> Additionally, the legislation authorizes the Mayor to provide vault space and airspace to DC Stadium LLC for a term and charge, including free of charge, as determined by the Mayor.

Title II amends the Robert F. Kennedy Memorial Stadium and District of Columbia National Guard Armory Public Safety Act<sup>2</sup> to make it applicable to the soccer stadium. It amends Title 25 of the District of Columbia Official Code to authorize the issuance of licenses to the new stadium and Title 47 to provide taxation exemptions and abatements. In addition, Title II exempts the transfer of real property in the Soccer Stadium Site from recordation and transfer taxes during the period that the ground lease approved by the Council is in effect.

I am available if you have any questions.

VDZ

---

<sup>1</sup> Soccer Stadium Site" means the real property described as squares 603S, 605, 607, 661 N, and 661, including additional real property located in Square 665 and all public alleys and streets to be closed within these squares.

<sup>2</sup> Effective November 3, 1977 (D.C. Law 2-37; D.C. Official Code § 3-341 *et seq.*).

**BILL 20-805**  
**COMMITTEE PRINT**  
**COMMITTEE ON FINANCE AND REVENUE**  
**NOVEMBER 13, 2014**

A BILL

IN THE COUNCIL OF THE DISTRICT OF COLUMBIA

To approve the exchange agreement for the real property in Lot 13, Square 607 and Lot 844, Square 204, to authorize the Mayor to assemble the soccer stadium site including through the use of eminent domain; to approve the ground lease of the soccer stadium site, to approve the development agreement for the construction of a new soccer stadium; to authorize the actions of the District required by these agreements including street and alley closings, environmental remediation, and expenditures of funds; to authorize the rental airspace and vault space; to amend the Robert F. Kennedy Memorial Stadium and District of Columbia National Guard Armory Public Safety Act to make it applicable to the soccer stadium; to amend Title 25 of the District of Columbia Official Code to provide for licenses to be issued to the soccer stadium; to amend Title 47 of the District of Columbia Official Code to provide tax abatements; and to exempt the transfer of the stadium site from recordation and transfer taxes.

BE IT ENACTED BY THE COUNCIL OF THE DISTRICT OF COLUMBIA, That this act may be cited as the " Soccer Stadium Development Act of 2014".

**TITLE I. COUNCIL APPROVAL; AUTHORITY OF MAYOR TO EXERCISE**  
**EMINENT DOMAIN.**

**Sec. 101. Definitions.**

For the purposes of this title, the term "Soccer Stadium Site" means the real property described as squares 603S, 605, 607, 661 N, and 661, including additional real property located in Square 665 and all public alleys and streets to be closed within these squares.

**Sec. 102. Council approval of exchange agreement; assemblage of Soccer Stadium**

Site.

(a) Notwithstanding An Act Authorizing the sale of certain real estate in the District of Columbia no longer required for public purposes, approved August 5, 1939 (53 Stat. 1211; D.C. Official Code § 10-801*et. seq.*), or other provision of law, the Council approves the:

(1) Exchange agreement between the District of Columbia and SW Land Holder, LLC, dated as of May 23, 2014, and the amendment to the exchange agreement, dated October 7, 2014, (“exchange agreement”) for the real property in Lot 13, Square 607 and Lot 844, Square 204; and

(2) Acquisition of any portions of Squares 605, 607, or 661 and the northwestern portion of Square 665 at a cost, when aggregated with the valuation ascribed in the exchange agreement to Lot 13 in Square 607, not to exceed \$90 million.

(b) The Mayor may exercise eminent domain in accordance with the procedures set forth in subchapter II of Chapter 13 of Title 16 of the District of Columbia Official Code to acquire properties on the soccer stadium site on which to construct and develop the soccer stadium and its ancillary development.

Sec. 103. Council approval of ground lease and development agreement.

(a) Notwithstanding An Act Authorizing the sale of certain real estate in the District of Columbia no longer required for public purposes, approved August 5, 1939 (53 Stat. 1211; D.C. Official Code § 10-801 *et seq.*), or other provision of law, the Council approves the ground lease between the District of Columbia and DC Stadium LLC, dated May 23, 2014, for lease of the Soccer Stadium Site to DC Stadium LLC on the terms and conditions set forth in the ground lease.

(b) Pursuant to section 451 of the District of Columbia Home Rule Act, approved December

24, 1973 (87 Stat. 803; D.C. Official Code § 1-204.51), and notwithstanding section 202 of the District of Columbia Procurement Practices Reform Act of 2010, effective April 8, 2011 (D.C. Law 18-371; D.C. Official Code § 2-352.02), the Council approves the development agreement between the District of Columbia and DC Stadium LLC, dated as of May 23, 2014, pursuant to which the District will assemble the Soccer Stadium Site and undertake the obligations set forth in the development agreement, as both a multiyear contract and a contract involving expenditures in excess of \$1 million during a 12-month period.

(c) Notwithstanding any other provision of law, the Mayor is authorized to undertake the actions of the District contemplated pursuant to the exchange agreement, the ground lease, and the development agreement approved in this title.

#### Sec. 104. Authority of Mayor to rent vault space, airspace.

Notwithstanding any other provision of law, the Mayor may issue a vault permit or airspace lease to DC Stadium LLC, or its designee, for vault space or the use of airspace adjacent to the Soccer Stadium Site in accordance with the District of Columbia Public Space Rental Act, approved October 17, 1968 (82 Stat. 1156; D.C. Official Code § 10-1101.01 *et seq.*), or the District of Columbia Public Space Utilization Act, approved October 17, 1968 (82 Stat. 1166; D.C. Official Code § 10-1121.01 *et seq.*), whichever one is applicable, for a term as determined by the Mayor and at no additional fee or rent, except as may be otherwise determined by the Mayor

## TITLE II. AMENDMENTS

Sec. 201. The Robert F. Kennedy Memorial Stadium and District of Columbia National Guard Armory Public Safety Act, effective November 3, 1977 (D.C. Law 2-37; D.C. Official Code § 3-341 *et seq.*), is amended as follows:

(a) Section 3a (D.C. Official Code § 3-342.01) is amended to read as follows:

88 “Sec. 3a. Definitions.

89 “For the purposes of this act, the term:

90 “(1) "Baseball Stadium" shall have the same meaning as that provided for the  
91 term "Ballpark" in D.C. Official Code § 47-2002.05(a)(1)(A).

92 “(2) "Soccer Stadium" means a soccer stadium constructed after October 1, 2014,  
93 on a site bounded by 2nd Street, S.W., T Street, S.W., Half Street, S.W., Potomac Avenue, S.W.,  
94 and R Street, S.W.”.

95 (b) Section 4 (D.C. Official Code § 3-343) is amended by striking the phrase "Baseball  
96 Stadium," and inserting the phrase "Baseball Stadium, the Soccer Stadium," in its place.

97 (c) Section 4a (D.C. Official Code § 3-343.01) is amended as follows:

98 (1) Subsection (a) is amended by striking the phrase "or the Baseball  
99 Stadium" and inserting the phrase ", the Baseball Stadium, or the Soccer Stadium" in its  
100 place.

101 (2) Subsection (b) is amended as follows:

102 (A) Paragraph (1A) is amended by striking the word “or” at the  
103 end.

104 (B) A new paragraph (1B) is added to read as follows:

105 “(1B) A person duly authorized or licensed by the operator of the Soccer  
106 Stadium to possess, sell, give away, transport, or store alcoholic beverages or containers within  
107 any portion of the Soccer Stadium or an employee or agent acting for any such duly authorized  
108 or licensed person; or”.

109 (d) Section 4b (D.C. Official Code § 3-343.02) is amended as follows:

110 (1) A new subsection (b-1) is added to read as follows:

111               "(b-1) No person shall at any time enter onto any portion of the playing field within  
112 the Soccer Stadium, unless expressly authorized by the operator of the Soccer Stadium, or its duly  
113 authorized agents."

114               (2) Subsection (c) is amended by striking the phrase "or the Baseball Stadium" and  
115 inserting ", the Baseball Stadium, or the Soccer Stadium" in its place.

116               Sec. 202. Title 25 of the District of Columbia Official Code is amended as follows:

117               (a) Section 25-101 is amended as follows:

118                     (1) The existing paragraph (48A) is redesignated as paragraph (48B).

119                     (2) A new paragraph (48A) to read as follows:

120                         "(48A) "Soccer Stadium" means a soccer stadium constructed after October 1,  
121 2014, on a site bounded by 2nd Street, S.W., T Street, S.W., Half Street, S.W., Potomac Avenue,  
122 S.W., and R Street, S.W.".

123               (b) Section 25-114 is amended as follows:

124                     (1) Subsection (a) is amended by striking the phrase "DC Arena" both  
125 times it appears and inserting the phrase "DC Arena and the Soccer Stadium" in its place.

126                     (2) A new subsection (c) is added to read as follows:

127                         "(c)(1) Upon application by an applicant as set forth in Chapter 4 of  
128 this title, the Board shall issue one or more retailer's licenses, class Arena C/X, to the operator of the  
129 Soccer Stadium.

130                         "(2) At the option of the operator of the Soccer Stadium, the licenses  
131 may be issued to concessionaires and tenants of the Soccer Stadium, as may be  
132 requested from time to time by the operator of the Soccer Stadium.

133                         "(3) Licenses may be canceled by the Board if the initial operator

ceases to operate the Soccer Stadium.

"(4) If the operator of the Soccer Stadium assigns its interest in the Soccer Stadium, the Board may transfer the licenses to the operator's assignee, upon application under Chapter 4 and approval by the Board."

(3) Subsection (d) is amended by striking the phrase "DC Arena" and inserting the phrase "DC Arena, the Soccer Stadium" in its place.

(4) Subsection (e) is amended by striking the phrase "DC Arena" and inserting the phrase "DC Arena and the Soccer Stadium" in its place.

(c) Section 25-505 is amended as follows:

(1) The heading is amended to read as follows:

"§ 25-505. Fees for Arena C/X and Soccer Stadium."

(2) The text is amended by striking the phrase "DC Arena" and inserting the phrase "DC Arena and the Soccer Stadium" in its place.

(d) Section 25-1003 is amended as follows:

(1) The heading is amended to read as follows:

"§ 25-1003. Prohibition on beverage storage containers in the DC Arena and Soccer Stadium."

(2) Subsection (a) is amended by striking the phrase "DC Arena" and inserting the phrase "DC Arena or the Soccer Stadium" in its place.

(2) Subsection (b) is amended as follows:

(A) Strike the phrase "DC Arena; to" and insert the phrase "DC Arena or Soccer Stadium; to" in its place.

(B) Strike the phrase "DC Arena by the lessee or its" and insert the phrase



"DC Arena or Soccer Stadium, lessee, the operator of the Soccer Stadium or its" in its place.

Sec. 203. Title 47 of the District of Columbia Official Code is amended as follows:

(a) Chapter 20 is amended as follows:

(1) Section 2001 is amended as follows:

(A) Subsection (r-1) is redesignated subsection (r-3).

(B) New subsections (r-1) and (r-2) are added to read as follows:

"(r-1) "Soccer Stadium" means a soccer stadium constructed after October 1, 2014, on a site bounded by 2nd Street, S.W., T Street, S.W., Half Street, S.W., Potomac Avenue, S.W., and R Street, S.W.

"(r-2) "Soccer Stadium Site" means the real property described as squares 603S, 605, 607, 661 N and 661, including additional real property located in square 665 and all public alleys and streets to be closed within these squares."

(2)(A) Section 47-2005 is amended as follows:

(i) Paragraph (35) is amended by striking the word "and" at the end.

(ii) Paragraph (36) is amended by striking the period and inserting the phrase "; and" in its place.

(iii) A new paragraph (37) is added to read as follows:

"(37)(A)(i)The Soccer Stadium gross receipts that include all of the sales of or charges for the right or privilege or permission to enter, or evidence of the right or privilege or permission to enter, the Soccer Stadium, including by ticket, season ticket, subscription, license, or otherwise; and

“(ii)The Game Day Experience that are made by a vendor that is licensed

to be at and physically present at, and delivery occurs to the purchaser of food, drink, or tangible personal property on the Soccer Stadium Site (excluding online sales other than online sales shipped from the Soccer Stadium by the operator of the Soccer Stadium or Major League Soccer, or soccer-related merchandise unless the item or ticket is acquired or redeemed at the Soccer Stadium Site or on the Adjacent Development Site as part of a Game Day Experience), beginning with the sales tax period during which the final certificate of occupancy authorizing the use of the Soccer Stadium is issued (“CO issue date”) and the 4 subsequent sales tax years;

“(B) The Soccer Stadium Gross Receipts described in subparagraph (A) of this paragraph shall be taxed at one half of the sales tax rate then in effect from the first sales tax period beginning in the sixth sales tax year after the CO issue date to the last sales tax period ending in the fourth succeeding sales tax year;

“(C) Unless otherwise provided for in this title, none of the Soccer Stadium gross receipts shall be exempt for any sales tax after the tenth sales tax year after the CO issue date.

“(D) For purposes of this section the term “Game Day Experience” means the food, drink, or other tangible personal property sold at retail establishments within the Soccer Stadium Site, including retail establishments such as bars, restaurants, team stores, and stores selling primarily merchandise generally oriented to tourists such as shirts, mugs, flags, and similar items displaying the logos of the District, WMATA or other such non-sports related items that are otherwise taxable under this chapter.”.

(B) Except with respect to sales of or charges pursuant to 47-2005(37)(A)(i), the exemptions provided by this paragraph shall apply beginning with the first day following the

issuance of the final certificate of occupancy authorizing use of the Soccer Stadium for professional soccer matches.

(b) Section 47-2206 is amended as follows:

(1) Paragraph (3) is amended by striking the word "and" at the end.

(2) Paragraph (4) is amended by striking the period and inserting the phrase "; and" in its place.

(3) A new paragraph (5) is added to read as follows:

"(5) Sales and as set forth in § 47-2005(37)."

(c) Chapter 46 is amended as follows:

(1) The table of contents is amended by adding a new section designation to read as follows:

"47-4663. Soccer Stadium tax abatements"

(2) A new section 47-4663 is added to read as follows:

"§ 47-4663. Soccer Stadium tax abatements.

"(a) The real property taxes imposed under chapter 8 of this title and the possessory interest tax imposed under § 47-1005.01 on that portion of the Soccer Stadium Site, as defined in section 47-2001(r-2), on which the Soccer Stadium, as defined in section 47-2001(r-1), is constructed, shall be abated as follows:

"(1) Beginning on the date that the District acquires title to each portion of the site on which the Soccer Stadium is constructed through the fifth lease year —100%;

"(2) For lease years 6 through 10—75%;

"(3) For lease years 11 through 15—50%;

"(4) For lease years 16 through 20—25%;

226                               "(5) Beginning with the 21st lease year and for each lease year  
227 thereafter---zero.

228                               "(b)(1) The abatements provided by subsection (a) of this section for any real  
229 property tax year may be allocated between half tax years at the discretion of the Office of Tax  
230 and Revenue.

231                               “(2) The abatements provided by subsection (a) of this section shall  
232 terminate at the end of the half tax year during which the Soccer Stadium ceases to be used as a  
233 stadium by a major league soccer team.”.

234                               "(c) The abatements provided by this section shall be in addition to, and  
235 not in lieu of, any other tax relief or assistance from any other source applicable to the Soccer  
236 Stadium.

237               (d) All transfers of real property in the Soccer Stadium Site while the ground lease  
238 approved by section 103(a) is in effect shall be exempt from the taxes imposed by section 303 of  
239 the District of Columbia Deed Recordation Tax Act of 1962, approved March 2, 1962 (76  
240 Stat.11; D.C. Official Code § 42-1103) and § 47-903.

241               (e) The abatements and exemptions provided, respectively, pursuant to section 203(b) and  
242 (d) shall expire on the termination of the ground lease approved by section 103(a).

### 243               TITLE III. GENERAL PROVISIONS

#### 244               Sec. 301. Applicability.

245               Section 203 shall apply upon the inclusion of its fiscal effect in an approved budget  
246 and financial plan, as certified by the Chief Financial Officer to the Budget Director of the  
247 Council in a certification published by the Council in the District of Columbia Register.

#### 248               Sec. 302. Fiscal impact statement.

249       The Council adopts the fiscal impact statement in the committee report as the fiscal  
250   impact statement required by section 602(c)(3) of the District of Columbia Home Rule Act,  
251   approved December 24, 1973 (87 Stat. 813; D.C. Official Code § 1-206(c)(3)).

252       Sec. 303. Effective date.

253       This act shall take effect following approval by the Mayor (or in the event of veto by the  
254   Mayor, action by the Council to override the veto), a 30-day period of Congressional review as  
255   provided in section 602(c)(1) of the District of Columbia Home Rule Act, approved December  
256   24, 1973 (87 Stat. 813; D.C. Official Code § 1-206.02(c)(1) ), and publication in the District of  
257   Columbia Register.